

110TH CONGRESS
2D SESSION

S. 2655

To provide relief for veterans with a disability rated as total.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 15, 2008

Mr. MARTINEZ introduced the following bill; which was read twice and referred to the Committee on Finance under authority of the order of the Senate of February 14, 2008

A BILL

To provide relief for veterans with a disability rated as total.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. ELIMINATION OF TAXATION OF SOCIAL SECU-**
4 **RITY BENEFITS FOR VETERANS WITH DIS-**
5 **ABILITY RATED AS TOTAL.**

6 (a) IN GENERAL.—Section 86(b) of the Internal Rev-
7 enue Code of 1986 (relating to taxpayers to which sub-
8 section (a) applies) is amended by adding at the end the
9 following new paragraph:

1 “(3) VETERANS WITH DISABILITY RATED AS
2 TOTAL EXCLUDED.—

3 “(A) IN GENERAL.—A taxpayer is not de-
4 scribed in this subsection for any taxable year
5 if such taxpayer is a veteran who—

6 “(i) has a service-connected disability
7 rated as total under chapter 11 of title 38,
8 United States Code (determined as of the
9 last day of such taxable year), or

10 “(ii)(I) has a service-connected dis-
11 ability rated 50 percent or more under
12 such chapter, and

13 “(II) is permanently and totally dis-
14 abled from a non-service-connected dis-
15 ability not the result of the veteran’s will-
16 ful misconduct.

17 “(B) DEFINITIONS.—For purposes of this
18 paragraph—

19 “(i) PERMANENTLY AND TOTALLY
20 DISABLED.—The term ‘permanently and
21 totally disabled’ has the meaning given
22 such term in section 1502 of title 38,
23 United States Code.

24 “(ii) SERVICE-CONNECTED.—The
25 term ‘service-connected’ has the meaning

1 given such term in section 101 of such
2 title.

3 “(iii) VETERAN.—The term ‘veteran’
4 has the meaning given such term in section
5 101 of such title.”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to taxable years beginning after
8 December 31, 2007.

9 **SEC. 2. DEFINITION OF ANNUAL INCOME FOR PURPOSES**
10 **OF SECTION 8 AND OTHER PUBLIC HOUSING**
11 **PROGRAMS.**

12 (a) IN GENERAL.—The Secretary of Housing and
13 Urban Development shall amend section 5.609(c) of title
14 24, Code of Federal Regulations (relating to the exclusion
15 of amounts from the calculation of annual income), to re-
16 quire that the definition of annual income for purposes
17 of section 8 and other public housing programs does not
18 include disability or pension benefits of the Department
19 of Veterans Affairs awarded to a veteran who—

20 (1) has a service-connected disability rated as
21 total under chapter 11 of title 38, United States
22 Code (determined as of the last day of such taxable
23 year); or

24 (2)(A) has a service-connected disability rated
25 50 percent or more under such chapter; and

1 (B) is permanently and totally disabled from a
2 non-service-connected disability not the result of the
3 veteran's willful misconduct.

4 (b) DEFINITIONS.—In this section:

5 (1) PERMANENTLY AND TOTALLY DISABLED.—
6 The term “permanently and totally disabled” has
7 the meaning given such term in section 1502 of title
8 38, United States Code.

9 (2) SERVICE-CONNECTED.—The term “service-
10 connected” has the meaning given such term in sec-
11 tion 101 of such title.

12 (3) VETERAN.—The term “veteran” has the
13 meaning given such term in section 101 of such
14 title.

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